

Action Item

Fiscal Policy and Analysis Committee

Approval of the Minutes of the June 3-4, 2002, Meeting

MINUTES

Fiscal Policy and Analysis Committee

Meeting of June 3-4, 2002

**Committee
members present**

Olivia K. Singh, *Chair*
Lance Izumi
Odessa P. Johnson
Robert L. Moore
Alan S. Arkatov, *ex officio*
Carol Chandler, *ex officio*

**Committee
members absent**

Irwin S. Field
Susan Hammer, *Vice Chair*
Kyo "Paul" Jhin

Other Commissioners and alternate present

Ralph R. Pesqueira
Guillermo Rodriguez, Jr.
Evonne Seron Schulze
Rachel E. Shetka
Anthony M. Vitti*
Howard Welinsky

**June 3 only*

Call to order

Chair Singh called the June 3, 2002, Fiscal Policy and Analysis Committee to order at 2:31 p.m. in the California Chamber of Commerce, California Room, Esquire Plaza, 1215 K Street, 14th Floor, Sacramento. She noted that the full Commission, earlier that afternoon as part of its Consent Calendar, had approved the minutes from the Committee's April 8, 2002, meeting.

**May Revise for
the Governor's
Budget, 2002-2003**

Chair Singh call on staff member Kevin G. Woolfork to present an update on the May Revise for the Governor's Budget, 2002-2003. Mr. Woolfork noted that the Legislative conference committee would not begin meeting on Monday, June 3, 2002 but rather was expected to begin its deliberations on Tuesday, June 4, 2002. He said that the Legislative budget committees had restored some funding for enrollment growth at the University of California but had reduced by an additional \$16 million funding for research at University of California (which was on top of a \$32 million reduction). Overall the University of California and the California State University budgets were reduced by \$100 million from their projected needs. The California Community Colleges actually saw a restoration of \$20 million for Cal Works and \$8 million for matriculation. He said the Senate and Assembly conferees have been instructed by their respective leaders to seek additional budget cuts of about \$1 billion.

Commissioner Schulze asked if support for the Commission is based along political party lines. Mr. Woolfork said it was not. Commissioner Johnson asked if the Cal Works restoration was a full or partial restoration of funding. Mr. Woolfork responded

that it was a partial restoration of funds. He further noted that the Cal Works supporters had been very effective in disseminating information about that program.

Commission Chair Arkatov asked how quickly a budget might be adopted and for Mr. Woolfork to speculate on what might happen if a budget were not passed by the due date. Mr. Woolfork responded that he thought the leadership of the Assembly, Senate and the governor would have to intervene to resolve any budget conflicts.

Recess Chair Singh recessed the Fiscal Policy and Analysis Committee at 2:39 p.m. so that members of the Commission could attend a Master Plan Commission Meeting scheduled to begin at 3:00 p.m. Chair Singh noted that the final item on the Fiscal Policy and Analysis Committee agenda would be taken up on Tuesday, June 4, 2002.

Reconvene Chair Singh reconvened the Fiscal Policy and Analysis Committee at 8:50 a.m. on Tuesday, June 4, 2002, in the California Chamber of Commerce, California Room, Esquire Plaza, 1215 K Street, 14th Floor, Sacramento.

Executive Compensation in California Public Higher Education, 2001-02 Chair Singh call on Commission staff member Cheryl Hickey to present Executive Compensation in California Public Higher Education report. Ms. Hickey stated that this was the 10th annual report on executive compensation. She noted that this draft report was incomplete because she was still waiting for data from some Community College Districts. Even so, she made the following preliminary observations about compensation levels for executives in the California Community Colleges:

- ♦ The average salary for chancellors of multi-campus districts increased by 5.2%.
- ♦ The average salary for college presidents in multi-campus districts increased by 6.7%.
- ♦ The average salary for superintendent/presidents of single campus districts increased by 7.0%.
- ♦ The gap has narrowed between the highest and lowest salaries in multi-campus districts.
- ♦ While this report attempts to also look at benefits for community college executives, there is still not a recognized mechanism for comparisons between and among districts.

Ms. Hickey explained that the California State University and the University of California, in general, provided an across-the-board increase of 2% for their executives. At the California State University, all 21 incumbent presidents received an increase of 2.0%. She noted that at the time in which the State University filled two presidential vacancies (Maritime Academy and Channel Islands), the salary level for these two positions were adjusted upward beyond the 2.0% increase received by the incumbent president and other executives. Ms. Hickey noted that the California State University had some concerns with the way the data regarding the average presidential salary were presented and that she would be working with the State University on this point.

Ms. Hickey noted that the compensation lag for California State University presidents has grown from 9.8% in 2000-2001 to 21.1% in 2001-2002. Commissioner Welinsky asked if all of the State University comparison institutions were public. Ms. Hickey responded that the majority of the comparison institutions are public institutions, but that several are independent institutions. Ms. Hickey went on to note that Appendix B provided information about some of the perquisites provided to the California State University presidents.

Ms. Hickey reported that the lag for University of California Chancellors increased from 18.2% in 2000-2001 to 27.3% in 2001-2002. She noted that Appendix C provided information about benefits provided to University of California management.

Commissioner Chandler asked about the use of this report by the systems. Ms. Hickey responded that this report is transmitted to a wide audience including the systemwide offices. Chair Arkatov asked if the Community Colleges Board of Governors made use of this report. Commissioner Moore responded that California Community Colleges Chancellor's Office sometimes had a difficult time filling positions because their salaries were lower than salaries paid at the district level.

Chair Arkatov suggested that staff review the salary report that is published annually in the *Chronicle for Higher Education*. Ms. Hickey responded that staff would review that report to see what can be useful for the final report.

Chair Arkatov suggested that staff talk with Jonathan Brown, President of the Association of Independent California Colleges and Universities (AICCU), to see if information about the AICCU institutions sector could also be included.

Commissioner Rodriguez noted that this report is of value to the governing boards of the systems, especially the sections on benefits. He thanked staff and the systems for providing the information requested by the Commission regarding the benefits provided to executives, saying that it provides a better picture of the total compensation provided.

Commissioner Pesqueira encouraged the development of recommendations to the governing boards, the legislature, and the governor about the findings of this report and how they can be used to strengthen the preeminence of California institutions.

Commissioner Schulze suggested the addition of an "Executive Summary" that would highlight recommendations generated by staff analysis. Ms. Hickey said staff would do so.

Adjournment Chair Singh adjourned the Fiscal Policy and Analysis Committee at 9:23 a.m.
